

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Case No. 13-35998
HOUSTON REGIONAL SPORTS	§	
NETWORK, L.P.	§	
	§	Chapter 11
Debtor	§	

NOTICE OF CANCELLATION OF AUCTION OF SALE COLLATERAL

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On October 30 and 31, 2014, the United States Bankruptcy Court for the Southern District of Texas entered orders confirming the Third Amended Chapter 11 Plan of Reorganization Dated October 29, 2014 In Respect of Houston Regional Sports Network, L.P. (the “**Plan of Reorganization**”) (ECF Nos. 778, 791). The “Effective Date” of the Plan of Reorganization occurred on November 17, 2014. Capitalized terms used but not defined in this Notice shall have the meanings ascribed to them in the Plan of Reorganization.

2. In accordance with Section 7.7 of the Plan of Reorganization, Rocket Ball, Ltd. (“**Rocket Ball**”) and Houston Astros, LLC (“**Astros, LLC**”) made a stalking horse bid (the “**Stalking Horse Bid**”) to purchase “Sale Collateral” for \$26.2 million. The Sale Collateral is comprised of the Comcast Lender Cash Collateral and the FF&E Collateral. Comcast Lender Cash Collateral means, collectively, (a) the cash on hand with the Debtor at 12:00 midnight (CST) on the Effective Date and (b) the Debtor’s accounts receivable accrued for the period up through 11:59 p.m. (CST) on the Effective Date. FF&E Collateral means all furniture, fixtures and equipment of the Debtor upon which Houston SportsNet Finance, LLC (the “**Comcast Lender**”) has a Lien pursuant to the Comcast Collateral Documents. The Stalking Horse Bid was allocated \$18.7 million to the Comcast Lender Cash Collateral and \$7.5 million to the FF&E Collateral.

3. The Reorganized Debtor published a First Notice of Sale and Auction in the Houston Chronicle on November 4, 2014 and a Second Notice of Sale and Auction (the “**Second Auction Notice**”) in the Houston Chronicle on November 17, 2014. The Second Auction Notice scheduled an auction (the “**Auction**”) of the Sale Collateral on December 15, 2014 beginning at 10:00 a.m. (CST) at the offices of Weil, Gotshal & Manges LLP, 700 Louisiana Street, Suite 1700, Houston, Texas 77002.

4. The Second Auction Notice also stated:

- At any time prior to the Auction, the Comcast Lender could demand the return of the Comcast Lender Cash Collateral. If the Comcast Lender Cash Collateral was returned to Comcast Lender, there would be no Auction with respect to the Comcast Lender Cash Collateral;
- The Comcast Lender could credit bid some or all of its debt to purchase the Comcast Lender Cash Collateral and/or the FF&E Collateral by providing Rocket Ball, Astros, LLC and the Reorganized Debtor with a notice of credit bid (a “**Credit Bid Notice**”) by 5:00 p.m. (CST) on November 24, 2014 (the “**Credit Bid Deadline**”);
- Any party interested in participating in the Auction for the entire Sale Collateral, the entire Comcast Lender Cash Collateral, or the entire FF&E Collateral was required to submit a competing bid no later than 5:00 p.m. (CST) on December 8, 2014 (the “**Bid Deadline**”) to counsel to DIRECTV (on behalf of the Reorganized Debtor), counsel to Rocket Ball, counsel to Astros, LLC, and counsel to the Comcast Lender (together, the “**Notice Parties**”). A competing bid was required to (i) exceed the Stalking Horse Bid (or any applicable component thereof) by at least \$100,000 and (ii) be an all cash bid payable in a single installment at closing (a “**Qualified Overbid**”); and
- If the Comcast Lender did not submit a Credit Bid Notice by the Credit Bid Deadline and no Qualified Overbids were submitted on or before the Bid Deadline, the Reorganized Debtor would not hold an Auction and Rocket Ball and Astros, LLC would be deemed the prevailing bidder with the Stalking Horse Bid. In such case, the Reorganized Debtor would file a notice cancelling the Auction as soon as reasonably practicable.

5. On November 21, 2014, the Comcast Lender filed a notice of demand for the Comcast Lender Cash Collateral (ECF No. 840) and the Auction was cancelled with respect to the Comcast Lender Cash Collateral. In addition, the Comcast Lender did not submit a Credit Bid Notice by the Credit Bid Deadline and no Qualified Overbids were submitted by the Bid Deadline. **THEREFORE, IN ACCORDANCE WITH SECTION 7.7 OF THE PLAN OF REORGANIZATION, ROCKET BALL AND ASTROS, LLC ARE DEEMED THE PREVAILING BIDDER FOR THE FF&E COLLATERAL AND THE AUCTION SCHEDULED ON DECEMBER 15, 2014 IS CANCELLED.**

6. The closing of the sale of the FF&E Collateral to Rocket Ball and Astros, LLC will occur as promptly as practicable. The proceeds of the sale of the FF&E Collateral shall be paid to the Comcast Lender in accordance with the terms of the Plan of Reorganization.

Dated: December 9, 2014

The Reorganized Debtor by and through:

/s/ Alfredo R. Pérez
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